

GE Nuclear Energy, Inc.
3901 Castle Hayne Rd.
Wilmington, NC 28402

Attention: *Andrew C. White*
President and CEO

Dear Mr. White:

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has reason to believe that GE Nuclear Energy, Inc. ("GENE"), of Wilmington, NC has committed 17 violations of the Export Administration Regulations (the "Regulations"),¹ which are issued under the authority of the Export Administration Act of 1979, as amended (the "Act").² Specifically, BIS charges that GENE committed the following violations:

Charges 1-4 15 C.F.R. § 764.2(a) - Export of Radiation Hardened Cameras to Taiwan Without the Required License

As described in greater detail in the attached Schedule of Violations, which is incorporated herein, on four occasions between on or about June 21, 2002 and on or about July 31, 2003, GENE engaged in conduct prohibited by the Regulations by exporting radiation hardened cameras and accessories, items classified under Export Control Classification Number (ECCN) 6A203, to Taiwan without the Department of Commerce license required by Section 742.3(a)(1) of the Regulations. In doing so, GENE committed four violations of Section 764.2(a) of the Regulations.

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2006). The violations charged occurred between 2000 and 2003. The Regulations governing the violations at issue are found in the 2000 - 2003 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2000-2003)). The 2006 Regulations govern the procedural aspects of this case.

² 50 U.S.C. app. §§ 2401- 2420 (2000). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended most recently by the Notice of August 2, 2005, (70 Fed. Reg. 45273 (August 5, 2005)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)) ("IEEPA").

Charges 5-17 15 C.F.R. §764.2(g) - False Statements on Shipper's Export Declarations

As described in greater detail in the attached Schedule of Violations, which is incorporated herein, on 13 occasions between on or about on October 9, 2000 and or about December 30, 2003, GENE made false statements to the U.S. Government in connection with the submission of export control documents. Specifically, GENE filed Shipper's Export Declarations (SEDs) with the U.S. Government with incorrect ECCNs including EAR99, 8A992 and 0A001 . These representations were false as the correct ECCN for the radiation hardened cameras and accessories was 6A203. In doing so, GENE committed 13 violations of Section 764.2(g) of the Regulations.

Accordingly, GENE is hereby notified that an administrative proceeding is instituted against it pursuant to Section 13(c) of the Act and Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions, including any or all of the following:

The maximum civil penalty allowed by law of up to \$11,000 per violation;³

Denial of export privileges; and/or

Exclusion from practice before BIS.

If GENE fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter, that failure will be treated as a default. (Regulations, Sections 766.6 and 766.7). If GENE defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to GENE. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty on each of the charges in this letter.

GENE is further notified that it is entitled to an agency hearing on the record if GENE files a written demand for one with its answer. (Regulations, Section 766.6). GENE is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent it. (Regulations, Sections 766.3(a) and 766.4).

³ See 15 C.F.R. § 6.4(a)(4).

GE Nuclear Energy
Proposed Charging Letter
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The Regulations provide for settlement without a hearing. (Regulations, Section 766.18). Should GENE have a proposal to settle this case, GENE or its representative should transmit it to the attorney representing BIS named below.

The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, GENE's answer must be filed in accordance with the instructions in Section 766.5(a) of the Regulations with:

U.S. Coast Guard ALJ Docketing Center
40 S. Gay Street
Baltimore, Maryland 21202-4022

In addition, a copy of GENE's answer must be served on BIS at the following address:

Chief Counsel for Industry and Security
Attention: Gregory Michelsen, Esq.
Room H-3839
United States Department of Commerce
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

Gregory Michelsen is the attorney representing BIS in this case; any communications that GENE may wish to have concerning this matter should occur through him. He may be contacted by telephone at (202) 482-5301.

Sincerely,

Michael D. Turner
Director
Office of Export Enforcement

Enclosure

SCHEDULE OF VIOLATIONS

GE Nuclear

Charge Nos.	SED Ship Date	SED ECCN+	Destination	Control #	Temporary or Permanent Export*	Violations
1, 8	6/21/2002	EAR99	Taiwan	TAI-27606-M	Permanent	15 C.F.R §764.2(a),(g)
2	8/30/2002	6A203	Taiwan	TAI-82248-M	Permanent	15 C.F.R §764.2(a)
3, 11	10/10/2002	EAR99	Taiwan	TAI-27717-M	Permanent	15 C.F.R §764.2(a),(g)
4, 15	7/31/2003	8A992	Taiwan	TAI-82495-M	Permanent	15 C.F.R §764.2(a),(g)
5	10/9/2000	EAR99	Taiwan	TAI-81825-M	Temporary	15 C.F.R §764.2(g)
6	4/6/2001	EAR99	Taiwan	TAI-81949-M	Temporary	15 C.F.R §764.2(g)
7	1/16/2002	0A001	Taiwan	TAI-82113-M	Temporary	15 C.F.R §764.2(g)
9	7/29/2002	8A992	Taiwan	TAI-82207-M	Temporary	15 C.F.R §764.2(g)
10	8/29/2002	8A992	Mexico	MEX-82234-M	Temporary	15 C.F.R §764.2(g)
12	1/8/2003	8A992	Taiwan	TAI-82353-M	Temporary	15 C.F.R. §764.2(g)
13	4/3/2003	8A992	Mexico	MEX-82391-M	Temporary	15 C.F.R §764.2(g)
14	5/14/2003	8A992	Mexico	MEX-82430-M	Temporary	15 C.F.R §764.2(g)
16	8/8/2003	8A992	Taiwan	TAI-82502-M	Temporary	15 C.F.R §764.2(g)
17	12/30/2003	8A992	Taiwan	TAI-82572-M	Temporary	15 C.F.R §764.2(g)

+ Correct ECCN for all shipments was 6A203

* Permanent Export required DOC license to Taiwan for Nuclear Non-proliferation (NP) reasons.

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY
WASHINGTON, D.C. 20230

In the Matter of:)
)
General Electric Company)
GE Nuclear Energy)
3901 Castle Hayne Rd.)
Wilmington, NC 28402)
)
Respondent.)

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Respondent General Electric Company acting through its GE Nuclear Energy business (“GENE”) and the Bureau of Industry and Security, United States Department of Commerce (“BIS”) (collectively referred to as “Parties”), pursuant to Section 766.18(a) of the Export Administration Regulations (“Regulations”),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”),²

WHEREAS, GENE filed a voluntary self-disclosure with BIS’s Office of Export Enforcement in accordance with Section 764.5 of the Regulations concerning the transactions at issue herein;

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2006). The alleged violations occurred from 2000-2003. The Regulations governing the violations at issue are found in the 2000-2003 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2000-2003)). The 2006 Regulations establish the procedures that apply to this matter.

² 50 U.S.C. app. §§ 2401- 2420 (2000). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended most recently by the Notice of August 2, 2005, (70 Fed. Reg. 45273 (August 5, 2005)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)) (“IEEPA”).

WHEREAS, BIS has notified GENE of its intention to initiate an administrative proceeding against GENE, pursuant to the Act and the Regulations;

WHEREAS, BIS has issued a proposed charging letter to GENE that alleged that GENE committed 17 violations of the Regulations, specifically:

1. *Four Violations of 15 C.F.R. § 764.2(a) - Unauthorized Export of Radiation Hardened Cameras to Taiwan:* On four occasions between on or about June 21, 2002 and on or about July 31, 2003, GENE engaged in conduct prohibited by the Regulations by exporting radiation hardened cameras and accessories, items classified under Export Control Classification Number (“ECCN”) 6A203 to Taiwan without the Department of Commerce license required by Section 742.3(a)(1) of the Regulations.
2. *Thirteen Violations of 15 C.F.R. § 764.2(g) - False Statement on Shipper’s Export Declaration:* On thirteen occasions between on or about October 9, 2000 and on or about December 30, 2003, GENE filed Shipper’s Export Declarations (“SEDs”) with the U.S. Government with incorrect ECCNs including EAR 99, 8A992 and 0A001. These representations were false as the correct ECCN for the radiation hardened cameras and accessories was 6A203.

WHEREAS, GENE has reviewed the proposed charging letter and is aware of the allegations made against it and the administrative sanctions that could be imposed against it if the allegations are found to be true;

WHEREAS, GENE fully understands the terms of this Agreement and the Order (“Order”) that the Assistant Secretary of Commerce for Export Enforcement will issue if he approves this Agreement as the final resolution of this matter;

WHEREAS, GENE enters into this Agreement voluntarily and with full knowledge of its rights;

WHEREAS, GENE states that no promises or representations have been made to it other than the agreements and considerations herein expressed;

WHEREAS, GENE neither admits nor denies the allegations contained in the proposed charging letter;

WHEREAS, GENE wishes to settle and dispose of all matters alleged in the proposed charging letter by entering into this Agreement; and

WHEREAS, GENE agrees to be bound by the Order, if entered;

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over GENE, under the Regulations, in connection with the matters alleged in the proposed charging letter.
2. The following sanction shall be imposed against GENE in complete settlement of the violations of the Regulations set forth in the proposed charging letter:
 - a. GENE shall be assessed a civil penalty in the amount of \$56,000.00 which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of the Order.

- b. The timely payment of the civil penalty agreed to in paragraph 2.a. is hereby made a condition to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to GENE. Failure to make timely payment of the civil penalty set forth above shall result in the denial of all of GENE's export privileges for a period of one year from the date of imposition of the penalty.

3. Subject to the approval of this Agreement pursuant to paragraph 8 hereof, GENE hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violations of this Agreement or the Order, if entered), including, without limitation, any right to: (a) an administrative hearing regarding the allegations in any charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if entered; (c) request any relief from the Order, if entered, including without limitation relief from the terms of a denial order under 15 C.F.R. § 764.3(a)(2); and (d) seek judicial review or otherwise contest the validity of this Agreement or the Order, if entered.

4. Upon entry of the Order and timely payment of the \$56,000.00 civil penalty, BIS will not initiate any further administrative proceeding against GENE in connection with any violation of the Act or the Regulations arising out of the transactions identified in the proposed charging letter.

5. BIS will make the proposed charging letter, this Agreement, and the Order, if entered, available to the public.

6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export

Enforcement pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial proceeding and the Parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.

7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if entered, nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the United States Government with respect to the facts and circumstances addressed herein.

8. This Agreement shall become binding on BIS only if the Assistant Secretary of Commerce for Export Enforcement approves it by entering the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

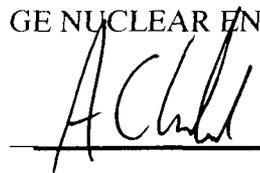
9. Each signatory affirms that he has authority to enter into this Settlement Agreement and to bind his respective party to the terms and conditions set forth herein.

BUREAU OF INDUSTRY AND SECURITY
U.S. DEPARTMENT OF COMMERCE



Michael D. Turner
Director
Office of Export Enforcement

GENERAL ELECTRIC COMPANY
GE NUCLEAR ENERGY



Andrew White
Vice President

Date: 7/28/06

Date: July 25, 2006

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY
WASHINGTON, D.C. 20230

In the Matter of:)
)
General Electric Company)
GE Nuclear Energy)
3901 Castle Hayne Rd.)
Wilmington, NC 28402)
)
Respondent.)
_____)

ORDER

The Bureau of Industry and Security, United States Department of Commerce (“BIS”) having notified GE Nuclear Energy (“GENE”) of its intention to initiate an administrative proceeding against GENE pursuant to Section 766.3 of the Export Administration Regulations (“Regulations”),¹ and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”),² based on the proposed charging letter issued to GENE that alleged that GENE committed 17 violations of the Regulations. Specifically, the charges are:

1. *Four Violations of 15 C.F.R. § 764.2(a) - Unauthorized Export of Radiation Hardened Cameras to Taiwan:* On four occasions between on or about

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2006). The alleged violations occurred from 2000 to 2003. The Regulations governing the violations at issue are found in the 2000 to 2003 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2000-2003)). The 2006 Regulations establish the procedures that apply to this matter.

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June 21, 2002 and on or about July 31, 2003, GENE engaged in conduct prohibited by the Regulations by exporting radiation hardened cameras and accessories, items classified under Export Control Classification Number ("ECCN") 6A203 to Taiwan without the Department of Commerce license required by Section 742.3(a)(1) of the Regulations.

2. *Thirteen Violations of 15 C.F.R. § 764.2(g) - False Statement on Shipper's Export Declaration:* On thirteen occasions between on or about October 9, 2000 and on or about December 30, 2003, GENE filed Shipper's Export Declarations ("SEDs") with the U.S. Government with incorrect ECCNs including EAR 99, 8A992 and 0A001. These representations were false as the correct ECCN for the radiation hardened cameras and accessories was 6A203.

WHEREAS BIS and GENE having entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein, and the terms of the Settlement Agreement having been approved by me;

IT IS THEREFORE ORDERED:

FIRST, that a civil penalty of \$56,000.00 is assessed against GENE which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of this Order. Payment shall be made in the manner specified in the attached instructions.

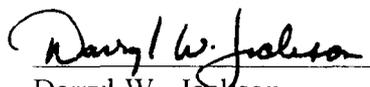
SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (2000)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and, if payment is not made by the due date specified herein,

GENE will be assessed, in addition to the full amount of the civil penalty and interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

THIRD, that the timely payment of the civil penalty set forth above is hereby made a condition to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to GENE. Accordingly, if GENE should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying GENE's export privileges for a period of one year from the date of entry of this Order.

FOURTH, that the proposed charging letter, the Settlement Agreement, and this Order shall be made available to the public.

This Order, which constitutes the final agency action in this matter, is effective immediately.



Darryl W. Jackson
Assistant Secretary of Commerce
for Export Enforcement

Entered this 4th day of August 2006.